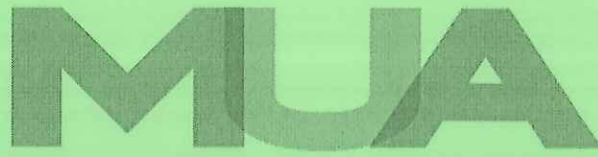


The
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UNDERGRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DEGREE OF BACHELOR OF LEADERSHIP AND MANAGEMENT

BML 211 : MONEY AND BANKING

DATE: 6TH AUGUST 2018

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

Although banking in one form or another has been in existence from very early times, modern banking is of recent origin. It is one of the results of the Industrial Revolution and the child of economic necessity. Its presence is very helpful to the economic activity and industrial progress of a country

- a) Briefly discuss the primary functions of commercial banks (10 Marks)
- b) List and explain five ways in which a bank can lend money to customers
(5 Marks)
- c) Briefly explain the functions of money (5 Marks)
- d) State five differences between Islamic banking and commercial banking
(5 marks)

QUESTION TWO

- a) List and explain the characteristics of Money (10Marks)
- b) Discuss five functions of the Central Bank of Kenya (5 Marks)

QUESTION THREE.

Money market is an important part of the economy. It plays very significant functions. Money market is an arrangement which accommodates banks and financial institutions dealing in short term monetary activities such as the demand for and supply of money.

- a) Briefly discuss the functions of Money markets (10 Marks)
- b) List and explain five types of Markets (5 Marks)

QUESTION FOUR

Governments primarily regulate industries with a view to protecting consumers. Another argument for government regulation is based on the existence of destructive, ruinous, or cutthroat competition and also maintaining financial stability.

- a) Briefly discuss the drawbacks of financial sector regulation. (10 Marks)

- b) Discuss five principles of financial sector regulation (5 Marks)

QUESTION FIVE

Money has been said to have evolved over time. History has various dimensions of the evolution of money. Briefly discuss the commonly known history on development of money (15 Marks)

QUESTION SIX

Write short notes on the following.

- a) Financial markets (5 Marks)
- b) Fiat Money and commodity Money (5 Marks)
- c) Financial systems (5 Marks)

